

CLASSIFICATION

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SECURITY INFORMATION

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1. All the foreign trade of Czechoslovakia is carefully planned so that that country may fulfill its assigned role in the Soviet orbit. Imports and exports are planned one year ahead; ie, plans for trade in 1952 were formulated in June 1951. This long range planning in such a field is, of course, nonsense; it is impossible to plan so far ahead because of the element of uncertainty involved in agricultural production. In case of a crop failure the plan must be adjusted, and it is just such adjustments that the Communists fail to consider. In addition they do not take domestic consumption into consideration. The standard of living has been lowered as a result of the economic planning of Czechoslovakia; imports of certain commodities, such as oranges, have been greatly reduced in the past few years /See Encls (A) and (B)/. Not only have imports been reduced, but many commodities have been priced out of the range of the average consumer. For instance, the selling price of oranges is a good example (prices given in Kcs. per kilogram):

7 - 10	Purchase price from abroad
7 - 9	Transportation handling
14 - 19	Cost
100	General tax (vseobecna dan)
114 - 119	Price to consumers

Thus the general tax is pricing consumers' goods out of the market as far as the Czech population is concerned. Revenue from the general tax is used to build up the industry and war potential of the country.

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2. The State Planning Board (Statni Planovaci Urad - SPU) is the agency responsible for planning foreign trade and industrial production; in this connection it assigns quotas, and all government ministries including the various state monopoly companies which operate under the Ministry of Foreign Trade must adhere strictly to the established plan. The overall plan is never changed. Regardless of other considerations, the quotas must be met. This has resulted in the almost complete collapse of the Czech economy; I believe that the standard of living in the CSR has hit rock bottom. Defense needs are always met, with the result that the civilian population is woefully neglected.
3. In accordance with the planning of the SPU, trade with the West decreased after 1948. The following figures show the trend in foreign trade volume between Czechoslovakia, the Soviet Bloc and the West:

<u>Year</u>	<u>Soviet Bloc</u>	<u>Western Democracies</u>
1948	30%	70%
1949	40%	60%
1950	50%	50%
1951	55%	45%
1952	65%	35%

Delegates to the Moscow Economic Conference in 1952 were given the Soviet explanation as to why trade with the West had decreased; figures were presented which attributed the decrease to the aggressive and unfriendly trade policies of the Western nations. Delegates seemed to be unaware that this decrease was actually due to planning on the part of the Satellites. The SPU, in my opinion, bases its planning on decisions of a higher authority; I further believe that this higher authority might well be some central planning board in Moscow which formulates quotas for the whole of the Soviet orbit.

Enclosures: (A) CSR Fruit Imports
(B) CSR Fruit Imports (showing from which country purchased)

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ENCLOSURE (A)

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CSR Fruit Imports
(in tons)

Year	Lemons		Oranges		Apples	
	Planned	Delivered	Planned	Delivered	Planned	Delivered
Average prior to 1948		15,000- 18,000		20,000- 25,000		20,000- 45,000
1948	17,000	17,500	15,000	16,000	30,000	34,000
1949	14,000	15,000	12,000	12,500	28,000	30,000
1950	14,000	13,500	10,000	9,500	24,000	24,500
1951	14,000	12,000	8,000	7,500	22,000	20,500
1952	12,000	?	7,000	?	14,000	?

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ENCLOSURE (B)

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CSR Fruit Imports
(volume in tons)

	1948	1949	1950	1951
Lemons	Italy 17,500	Italy Lebanon 13,500 1,500	Italy Lebanon Albania 10,300 3,000 200	Italy Lebanon 10,000 2,000
Oranges and Mandarins	Italy Israel 15,000 1,000	Italy Israel Greece 10,000 2,000 500	Italy Israel Greece Lebanon 2,500 1,000 500 5,500	Italy Lebanon 2,000 5,500
Apples	Italy Switzerland Holland Denmark Bulgaria Rumania Hungary 6,000 2,500 14,000 1,500 6,000 1,000 3,000	Italy Holland Austria Denmark Bulgaria Rumania Hungary 4,500 4,000 4,000 2,000 11,000 1,500 3,000	Italy Austria Denmark Bulgaria Rumania Hungary 4,500 1,500 1,500 11,500 2,000 3,500	? ? ?

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